

DRAFT

Governor's Blue Ribbon Water Task Force

Meeting Notes
November 16-17, 2004
Albuquerque, NM

Attendees: Brian Burnett, Estevan Lopez, D.L. Sanders, Anne Watkins, Larry Blair, Conci Bokum, Wayne Cunningham, Eileen Grevey Hillson, Steve Hernandez, Howard Hutchinson, Sarah Kotchian, Elmer Lincoln, G.X. McSherry, Paul Paryski, Elmer Salazar, Manuel Trujillo, Bob Vocke, and Jack Westman attended the meeting. Kim Sanchez Rael (GIFT) attended as a guest.

The next meeting of the BRWTF will be December 15-16 in Albuquerque, NM.

The Task Force reviewed legislation presented during the November 11-12 Water and Natural Resources Interim Committee meeting. Paul provided a handout with his observations from the meeting, which included the following:

- Fewer bills were submitted for endorsement this year;
- Most committee members are concerned about funding NM's water needs;
- The Strategic Water Reserve Bill had quick and unanimous support;
- Endangered species and compact commitments are major issues;
- There is concern that the Water Trust Board projects do not reflect the intent of the Water Trust Board Act (i.e., regional projects and watershed projects should be funded).
- Need for funding the Water Trust Board was stressed;
- New criteria are being developed for selecting WTB projects;
- Funding is needed to monitor WTB projects;
- There are concerns that funds for phreatophyte control have not produced any real water - most members wanted to see results from real science-based monitoring, not anecdotal evidence;
- The Endangered Species Collaborative Program seems to be quite successful;
- NMEMNR will publish a report in December on how to fund conservation initiatives;
- The State is conducting a state-wide ET study;
- The Decision-Makers Field Conference on mining and groundwater will be held in the Taos area (May 2005); and
- It was suggested that if funds are allocated for Indian settlements (\$5.8M/yr for 10 years) that they be put in the WTF so that interest generated could be used for water projects.

Task Force members made the following observations:

- There is an accountability issue associated with WTB funded-projects because funding is not provided to monitor funded projects (NMFA only monitors projects fiscally) – project reports are prepared but not reviewed;
- Concerns exist that funds (50% removal & 50% restoration and monitoring) appropriated for phreatophyte restoration and monitoring are not being used appropriately;
- Phreatophyte eradication for the single purpose of increasing water yield by reducing ET is becoming more controversial;
- Results from funding of projects through the WTB have been mixed and issues include criteria, phased out-year funding of projects, technical review of projects, WTB oversight, legislative funding support, legislative approval, interface between Legislature and Governor's Office, multiple approaches to funding water projects, setting state-wide priorities, and state vs. federal funding & leveraging of funds;
- GIFT and others are looking at the water project funding issue;
- A dedicated source of funding is needed for bonding as well as a state-wide organizational structure for decision making (e.g., Water Board);

- In many cases water users can pay for their water infrastructure projects by measuring and paying for their water use;
- South Dakota and Kansas have state-wide approaches to prioritizing and funding water projects;
- Funding of water infrastructure is a national trillion dollar issue by 2019; and
- Some NM communities cannot afford to pay for their water infrastructure.

There was general consensus following the discussion that the Task Force should look at the financing issue and visit with experts on the topic (Jack Westman took the action to invite Vicki Fisher to the December Task Force meeting).

The presentation by James Jimenez to the Interim Committee was distributed and discussed.

The following documents were distributed from the Interim Committee meeting:

- 2005 Legislative Session Water Projects;
- Water Trust Board FY 2005 Project Authorization Request;
- A list of State projects contributing to the Middle Rio Grande ESA Program (2001-2004); and
- Recommended Water Conservation Technology and Techniques.

The Task Force reviewed the following drafts of legislation, which were presented to the Interim Committee, in preparation for the upcoming legislative session:

- An Act Relating to Water; Creating the Indian Water Rights Settlement Fund; Making an Appropriation. (Interim Committee Endorsed)
- A Joint Memorial Requesting the Department of Game and Fish and the Energy, Mineral and Natural Resources Department to Study Sustainable Alternative Funding Measures in Order to Protect New Mexico's Unique Landscapes, Open Spaces, Recreation Areas and Wildlife Habitats.
- An Act Relating to Higher Education; Creating the Water Resources Research Institute; Making an Appropriation. (Interim Committee Endorsed)
- An Act Relating to Taxation; Providing a Corporate Income Tax Credit for the Gathering, Transporting or Treatment of Produced Water for Disposition in the Generation of Electricity. (Interim Committee Endorsed)
- An Act Relating to Taxation; Providing a Personal Income Tax Credit and a Corporate Income Tax Credit for Agricultural Water Conservation Expenses; Providing for a Delayed Repeal. (Interim Committee Endorsed)
- An Act Relating to Acequias; Allowing a District Attorney or Other Person to Prosecute Certain Violations Against Acequias; Creating and Increasing Penalties; Providing for Civil Remedies; Amending and Enacting Sections of the NMSA 1978. (Interim Committee Endorsed)
- An Act Relating to Water; Providing for a Strategic Water Reserve; Providing for Additional Powers and Duties of the Interstate Stream Commission; Authorizing the Issuance of Severance Tax Bonds for the Acquisition of Water, Water Rights and Water Storage for the Strategic Water Reserve; Making an Appropriation. (Interim Committee Endorsed)
- An Act Making an Appropriation to the Administrative Office of the Courts for an Office of Water Rights Ombudsman. (Interim Committee Endorsed)
- An Act Making an Appropriation for the Water Trust Fund; Declaring an Emergency. (Interim Committee Endorsed)
- A Joint Memorial Requesting the New Mexico Legislative Council to Direct the Appropriate Interim Committee to Examine the Appropriate Method to Enable Local Governments Throughout the State to Operate and Administer Water Utility Authorities.
- An Act Relating to Water; Providing for Direct Appeal to the District Court of a Decision by the State Engineer that Adversely Affects the Validity, Quantity or Priority Date of a Water Right. (Not Endorsed by Interim Committee)

The Task Force discussed potential domestic well legislation and it was indicated that there would be legislation introduced in the 2005 session. OSE indicated that they are going to focus on regulations to deal with domestic well issues.

The Task Force reviewed its 2004 Annual Report to the Governor and a final report will be presented during the December meeting.

Kim provided an “in confidence” briefing to the Task Force on GIFT (Governor’s Infrastructure Finance Team) and made the following points:

- The goal is a 10 year, \$10B infrastructure financing package aligned with the Invest NM Plan;
- The Invest NM Plan is fine – the opportunity is in implementing the recommendations;
- Water financing challenges – water must be priced appropriately, effective planning and oversight structure is needed, and direct accountability to the Governor with regional planning and implementation oversight is required (recommendation – no new state funding without “Opting In” to new regional structure carrot [stick: imposition of user fees]);
- System-wide financing, planning, and pricing (supplement with specific project-based financing) based on “Life Cycle” of water (physical water capacity [planning statewide, implementation by region], extraction [planning statewide, implementation by region], conveyance [regionally/project based], retail [regional/local], and waste);
- Option of financing water through capitalization; and
- GIFT recommendations – a phased, triage approach
 - Crisis intervention/stop the bleeding (sound technical review e.g., cross agency WIT)
 - Interim solutions “make a Bigger Bucket” (includes conservation and desal)
 - Strategic “Omnibus” Water Finance & Policy Reform (water rights, infrastructure/financing, structure/organization)
 - Projects.

The Task Force discussed the possibility of a special legislative session for water with Kim.

The ISC will present implementation status of the SWP at the December meeting.